Date: 14th November 2022

The Secretary **NSE Limited** **Exchange Plaza, C-1, Block 'G'** **Bandra- Kurla Complex, Bandra (E)** **Mumbai – 400 051** **Symbol - DOLLAR**	**The Secretary** **BSE Limited** **Phiroze Jeejeebhoy Towers** **Dalal Street** **Mumbai – 400 001** **Scrip Code :541403**

Reg : Intimation of availability of Transcript on Analyst(s)/Institutional Investor(s) meet i.e. "Earnings Call"

Dear Sir / Madam,

In continuation to our letter dated 5th November, 2022 and pursuant to Regulation 30(6) and 46 (2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Transcript of the Earnings Call held on 11th November 2022 at 4.00 pm (IST), organized by SMIFS Limited, on the interaction of the Company's representative(s) on the unaudited financial results of the Company for the quarter and half year ended 30th September, 2022 and/ or any other matter, is as attached.

Please note that the same is also available on the Company's website at www.dollarglobal.in.

This may please be informed to all the concerned.
Thanking You,

For Dollar Industries Limited

Vinod Kumar Gupta

Digitally signed by Vinod Kumar Gupta
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Date: 2022.11.14 17:05:35 +05'30'

Vinod Kumar Gupta
Managing Director
DIN: 00877949
Encl: As above

DOLLAR INDUSTRIES LTD.
(AN ISO 9001:2015 CERTIFIED ORGANISATION)
Regd. Office Om Tower 15th Floor 32 J. L. Nehru Road Kolkata 700071 India
+ 91 33 2288 4064-66 +91 33 2288 4063 care@dollarglobal.in dollarglobal.in
CIN NO. : L17299WB1993PLC058969

"Dollar Industries Limited Q2 FY-23 Earnings Conference Call"

November 11, 2022

MANAGEMENT: MR. ANKIT GUPTA – PRESIDENT, MARKETING.
MR. AJAY PATODIA – CHIEF FINANCIAL OFFICER.
MODERATOR: MR. SAURABH GINODIA – SMIFS LIMITED.

Moderator: Ladies and gentlemen, good day and welcome to Dollar Industries Limited Q2 and H1 FY23 Earnings Conference Call hosted by SMIFS Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Saurabh Ginodia from SMIFS Limited. Thank you and over to you Mr. Saurabh.

Saurabh Ginodia: Good evening everyone present on the call today. On behalf of SMIFS Limited I welcome you all to quarter two and H1 FY23 Post Results Earning Call of Dollar Industries Limited. We are pleased to host the top management of the company. Today we have with us on the call Mr. Ankit Gupta, President, Marketing; and Mr. Ajay Patodia, Chief Financial Officer of Dollar Industries Limited. They will start the call with some initial comments on the results from the management post which we will open the floor for Q&A. I will now hand over the call to the management. Over to you sir.

Ankit Gupta: Good evening ladies and gentlemen. On behalf of the entire management team at Dollar Industries Limited I welcome you all to the second quarter FY23 post results conference call. Currently the entire Indian hosiery sector is facing the impact of price volatility in cotton and yarn prices. In last quarter and half year ended September 2022 there has been substantial inventory losses due to continuous falling of cotton and yarn prices. However, such losses are temporary in nature, and seems to have an end as the cotton and yarn prices have stabilized at sustainable level. In spite of these challenges, company showed the revenue growth of 18% in terms of total revenue for the six months ended 2022. Our Q2 FY23 total revenue was down by 12% as compared to same period last year, our domestic sales showed a growth of 10% in terms of volume, while modern trade and e-commerce sales showed a growth of 67% in terms of volume, on six months basis as compared to same period last year.

For the six months ended FY23 company generated positive cash flow from the operating activities to the tune of approximately 40 crores. As promised, the company has opened eight EBOs till date and plans to open more by the end of the fiscal to touch the target of 25 to 30 EBOs. Further our flagship project, Project Lakshya is going in the right path while increasing the number of distributors reach and range of products. Currently, we are sitting with 189 distributors until 30th September 2022 which is increasing on month-on-month basis. We have also planned to start this particular project into two new states, Tamil Nadu and Kerala.

In this tough time, where the whole Indian industry is experiencing slow demand and price volatility. We saw an increase in volume and value of our product of Lakshya distributors as compared on six months basis of last financial year to the tune of approximately 43% and 46%. We are sure of this idea of theory of constraint will help us in the long run to reach our FY25 vision of Rs.2000 crores revenue. Our efforts towards channel financing arrangement for our dealers continues to see good acceptance. We have received a positive response of 225 dealers out of which 165 distributors have already been boarded under the particular scheme.

We expect to onboard several more every quarter, which will continue to improve our receivable days and also help us move towards our overall working capital improvement efforts. The company has recently aired the new TVC for our thermal brands, partnering with Mr. Akshay Kumar and Ms. Yami Gautam as the brand ambassador to give an extra mileage to the winter sale. This fiscal we have 5.5% to 6% for our advertisement expenses.

Further the company has planned to launch the new product range in woman's athleisure segment and men's activate wear in Force NXT brand and it will be available in the market by late Q4 FY23. We are sure that we'll be able to maintain the revenue guidance of 14% to 15% on the full year basis, while maintaining the EBITDA level of 13% to 14%. Thank you all. Now, I would hand over the call to our CFO, Mr. Ajay Patodia.

Ajay Patodia: Thank you Ankit. Good afternoon to everyone. Our revenue for the quarter two, FY23 stood at Rs.342 crores against Rs.391 crore and revenue for the six months FY23 stood Rs.706 crore against Rs.596 crore in six months FY22. In this quarter, we have a de-growth of around 12%. But in overall six month FY23 we have the growth of 18.41%. Our EBITDA for quarter two FY23 stood at Rs.30.71 crore against Rs.62.01 crore registering a de-growth of 50%. In six months FY23 our EBITDA is around 70.48 crore against six month FY22 EBITDA is around Rs.98.26 crore, registering a de-growth of 28.27%. Our profit before tax for quarter two FY23 stood at Rs.22.51 crores against Rs.56.34 crores and in six months FY23 our profit before tax is around 55.04 crore against 87.39 crores registering a de-growth of 37% for six months FY23. Profit after tax for quarter two FY23 stood at Rs.17.95 crore against Rs.41.24 crores and profit after tax for six months FY23 stood at Rs.45.82 crores again Rs.64.35 crores registering a de-growth of 29% for six month FY23.

Now, moving on to brand wise contribution, for six month FY23 our brand Big Boss contributed around 43% our woman segment contribute around 9.42% and our economic segment Dollar Always contribute around 36.27% other than this, in premium segment, we have a contribution of around from Force NXT 3% and Force Go Wear, 0.5% and from thermal we have contribution of around 6% in this quarter. I now open the forum for question-and-answer.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.

Bajrang Bafna: Ankit, just to begin with we have also seen this quarter is not the way we have been precisely thinking of, so definitely there is some amount of inventory loss that has happened during the quarter. So, if you could quite broadly that when the quarter was just starting, the rate of candy was going close to Rs.1 lakh and then we have seen that constantly declining and now stabilizing around let's say 60 to Rs.65,000 a candy. So, what sort of loss, that has occurred which perhaps is there to some extent in the numbers and to my mind and my judgment that most of your distributors when they are anticipating that the prices are constantly declining, the inventory in the system is not expected to build up because nobody is interested to buy high cost inventory and then when the constantly the cotton prices are declining, so in that parlance if you can guide us in both sense that what sort of inventory losses that has been incurred during the quarter and what is the quantum of inventory that is there in the system vis-à-vis in the normal circumstances when cotton trades at a more stable level. So, if you could guide on that sense it will be helpful.

Management: Sir you have very perfectly analyze the situation currently, in current market situation the same is applicable in our hosiery industry with respect to your first question regarding our inventory loss, we have high inventory cost in this quarter because there is our inventory procurement in the first quarter around is at that time cotton rate is around one lakh per kg now, it is reduced to around 65 to 70,000 per kg due to this our gross margin is down by 3.5% to 4%, in absolute term it is around Rs.12 to Rs.13 crore. And in this quarter in last quarter Q2 we have expected a good growth in our winter products which is **(Inaudible) 11:21** in quarter three, if our projection is we can target is achieved, then this margin is also adjust with our high margin products that is winter thermal products. And we hope that in current quarter we achieved the winter sale as we have projected in current year as winter are in coming delay in this time and we hope that from next week there is winter requirement is increased. With respect to your second question, can you please repeat the same.

Bajrang Bafna: The channel inventory because, since the prices are constantly declining, so what sort of channel inventory that you are visualizing vis-à-vis the normal inventory which remains in the system?

Management: So, obviously in this tough times like when the prices of raw material start decreasing, what happened is the channel partners whether it be the distributor, retailers this start refilling the goods only on the cut size basis and the bulk orders are, they're very skeptical to place bulk orders like in a normal circumstance. So, obviously, there has been a depletion in terms of channel inventory levels, but to what extent it would be very difficult to say because we don't have a visibility to track data. But obviously seeing some kind of a de-growth in Q2 has already proved the point that it is already happening in the market, it's not that the demand from the consumer side is low, because if you see any industry who has a proper retail base or who is into EBO channels their sales has not de-grown much because they directly serve to the consumers. So, from the consumer point of view, it's not that the demand is low from that side, but obviously yes, there's a depletion in the inventory levels in the channel, whether it be the distributor point or the dealer.

Management: It is also shown in our current quarter working, during this quarter our project Lakshya, the volume growth is doubled, increased by 43% in last six months, and the total amount of revenue is increased by 100%. In last year around, in full year we have total contribution from the project Lakshya it is around 100 crore, but this can be achieved in this six month from April to September only. So, in our project Lakshya we targeted the retailer outlet and from that point of view, the consumer demand is already there, but the demand is disturbed due to order is not placed by the dealer itself. So, there is demand, our forecast is that there is demand as market is already there. But it is shifted from quarter two to quarter three due to order not placed by the dealer itself.

Bajrang Bafna: Yes, got it. And if you see the cotton prices, which are stabilizing do you still feel that the cotton prices even might go lower and still the retailers are postponing to place bulk orders because we are already in November and last one month at least we are seeing that the price are getting stabilized between the 60 to 70,000 band which looks slightly realistic and hopefully the dealers will start placing bulk orders. So, is there any difference that we have witnessed in the month of November, vis-à-vis what the last quarter gone by?

Management: So, what is happening is see the third quarter is mainly attributed by the thermal sales. And we are hoping for a good winter and from past two to three years we are seeing that the winter is coming late to India. So, maybe in a week's time, the weather conditions will change across India, mainly in Eastern and the Northern part of India. Apart from that, from few weeks we are seeing that the cotton prices have stabilized. And it seems to be getting at a sustainable level. In near future, we don't see the cotton prices coming down because the cotton rate also is somewhere near 65,000 only for candy. But from the retailer point of view the thought process, the psychology with which they work the channel partners are still skeptical. But there's a positive feedback also in the market, there are some areas which has started taking goods, purchasing goods. And we are very sure that this quarter should be much, much better than what we saw in Q2.

Moderator: Thank you. The next question is from the line of Vaibhav Agarwal from Basant Maheshwari Wealth Advisers. Please go ahead.

Vaibhav Agarwal: Firstly, I would like to ask you about what has been the industry growth rate for the last three months, how has been the experience and how have we failed compared to the industry?

Management: So, Vaibhav the thing is that, none of the players have come up with the results, and it is very difficult to tell what has been the industry growth rate in the past three months. So, there are few players who have come up with the results. But based on that and extrapolating on that would be, will not justify the exact industry growth rate that we are looking forward to. But the industry has been in distress in the last quarter because it is mainly because of the raw material prices movement. And from past two years what we have been seeing that it's too volatile, initially one and a half years we saw the growth in the cotton and the yarn prices, there was a revision in our selling prices also every couple of months. But now, the things are getting reversed. And from June onwards, we are seeing that the prices are declining. There was a surge in the month of August or September in terms of cotton prices, but again it has come down to 65000 to 70,000 per candy. So, few more industry players are yet to come up with their results and maybe later we can actually determine what has been the industry overall.

Vaibhav Agarwal: But what is your sense that has the market share been intact or any thoughts on that?

Management: So, we don't see any reduction in the market share or change in the market share during the quarter. We have not seen that kind of attraction in the market, it's intact.

Vaibhav Agarwal: Right. Coming to the second question is on this project Lakshya. So, you said that we had a 43% growth in terms of volumes. But if I look at the total number of distributors, it has almost doubled from 91 last year to around 189 this year. And if I look at the share of revenue also it has almost increased more than doubled. So, what is the sales that you are getting, is the distributors whom we have tied up under this protect Lakshya are we seeing better traction, and can you give some more color on that?

Ankit Gupta: So, the major difference is that these distributors who have been enrolled in Lakshya, they don't have much of a baggage of inventory sitting at their warehouse first. Secondly, there has been a rationalization of inventory at a channel level or at a distributor level. So, due to the price reduction of raw materials, the people are getting skeptical because they already have huge inventory at their place in our traditional channel, and they are just ordering the cut size or they are just refilling the inventory, that's it. So, that's why we are seeing a downfall or a de-growth in terms of volume for this particular quarter. But in Lakshya, what is happening that we are replenishing whatever is getting sold from there end to the retailers and retailer is also purchasing whatever is getting sold from their point to the consumer. So, it is based on complete replenishment model theory of constraints and that is why we are seeing such a good traction because, and that is what proves that there is no decline in the consumer demand for the product or in this particular sector. So, this is a very good point for us. Secondly, it also gives us a sense and a strong conviction that this particular project is the way to go ahead and in next two, two and a half years time this particular project combined with IT infrastructure, it will take us to the next level and we are very sure about it because if we taken the number of distributors who were there in the last year second quarter and who are here in the second quarter, if we compare their sales, so their volume growth have been around 15%. But just for the Q2 sales, and only taking those distributors who were present in the second quarter last year and who are continuing with us and are there in the second quarter this year. Also to point out one more thing that, apart from the DFS the dealer financing scheme, the overall debtor days in our Lakshya project is very low. So, our overall 1/3 of our distributors are in DFS Lakshya distributors are in DFS, dealer financing scheme and the overall debtor days for Lakshya distributors like the 189 distributors that we have, the debtor days are coming to around 60, 65 days. So, compared to 100 days what we are having on the overall business and Lakshya distributors are being at around 60 days. So, it clearly shows that we are on the right path. And we'll be able to achieve two most important thing the one is the reach and range in the market increasing the visibility at the retailer level and second is the improvement in the working capital cycle which will help us reduce our short-term borrowings or the working capital loans that we have.

Ajay Patodia: Other than this Vaibhav, I want to also point out that in calculating 43% percent volume increase for taking the actual comparison, we also taken in the traditional sales in that area in which project Lakshya implemented. So, we compare the total sale at that area before Lakshya project and after implementing the Lakshya project the dealer will belong to project Lakshya. So, there may be an increase in the volume 43% from the normal dealer which are included in this comparison, otherwise there is 100% growth in the total sales of the project Lakshya from last year to current year.

Vaibhav Agarwal: Okay. Once again, like I was just asking that the revenue has even dropped if we look at it from last year, but still there has been growth so actually, this is getting more traction I would say because even though the revenue has gone down around from 382 to 342 crores our contribution from project Lakshya distributors has gone up.

Management: Yes, correct.

Moderator: Thank you. The next question is from the line of Dhiral from Phillip Capital. Please go ahead.

Dhiral Shah: Sir just to reconfirm you said that your revenue from project Lakshya is around 100 crore, right?

Management: Yes, the last financial year.

Dhiral Shah: And what about H1?

Management: In H1 FY23 it is around 98 crore, we already achieved the same amount within six months.

Dhiral Shah: Okay. And sir generally the thermal sales, largely happens in Q2 right?

Management: So, it's 50% to 55% sales happens in Q2 and the rest happens in Q3. But since last year was a bad winter season for the industry, so there's a huge stockpile of which happened at the distributor level as well. So, that's why in Q2, the major shortage that we faced was because of the thermal sales. So, last year Q2, we had somewhere around 12% contribution coming from thermal in Q2, and this year it has been 6% only.

Dhiral Shah: Okay, so we have seen a de-growth in thermal since this quarter?

Management: This quarter, and that's why the overall profitability also took a bit of a hit and our inventory days is also on the higher side.

Dhiral Shah: Okay. And sir as on H1, FY23 what is our working capital days and how much is the receivable days?

Management: So, receivables days have been flattish, it has been somewhere around 99, 100 days only, the only catch point is our inventory days. So, if we compare our inventory days with respect to March, like March FY22 it has increased from 109 to 123 days, but if you compare H1 to H1, like H1 last year versus H1 this fiscal it has been at a similar level and then 22 and then 23 days.

Dhiral Shah: Okay. So, this inventory that we are holding that is of a high cost inventory on maybe or is it a current level price, so that we can get.

Management: So, it is a mix of both high cost inventory plus the thermal stock that we have.

Dhiral Shah: Okay, so even in Q3 we may see a inventory loss?

Management: It is very minimum two to three crores only.

Dhiral Shah: Okay. And sir what was the ad spend during the quarter?

Management: Ad spent for H1 we have spent somewhere around 60 crores and during the quarter it was 25 crores vis-à-vis last year second quarter 18 crores.

Dhiral Shah: Okay. And sir last two questions, so what is our target for the receivable days for full year FY23, if we want to bring it down?

Management: So, overall working capital cycle for this particular fiscal should be somewhere around 145 days. That is what we are targeting.

Dhiral Shah: And sir what will be the receivable days in that, so last year it was around 99 days?

Management: Yes, so we hope that we will be able to reduce it by seven to eight days further by the end of the fiscal and another three, four days improvement in our inventory days.

Dhiral Shah: Okay. And sir lastly what is the category wise growth in Q2?

Management: Overall on a half yearly basis, if you want it on a Q2 basis or half yearly basis?

Dhiral Shah: Q2, for the Q2 sir particularly.

Management: So, for the Q2 there has been an overall volume de-growth of somewhere around 16, 16.5% and value growth of 4%.

Dhiral Shah: And sir across the category, Dollar Men, Dollar woman category, athleisure wear?

Management: So, in Big Boss we saw overall de-growth of 21% this quarter, in regular which is the economy range of products it's somewhere around 15%. Thermals was somewhere around 30%, women segment was 7% and in premium segment it was somewhere around 25%, 28%.

Dhiral Shah: And sir athleisure wear?

Management: In athleisure H1 22 versus H1 23 the overall revenue contribution has increased from 12% to 13%. So, athleisure wear we are seeing good traction although, so overall the athleisure segment is doing good and we are coming out with the women's athleisure segment also in the month of February end or March starting.

Dhiral Shah: Okay. And what was the export contribution in H1 overall and what kind of growth we have seen over there?

Management: So, export was 7% during H1, the contribution coming from exports was 7%, domestic was 90 and modern trade increased from 3% to 4%. So, overall in absolute terms, exports have been flattish as compared to H1 last year and this year we'll be able to maintain the similar level what we did last year.

Dhiral Shah: Okay, so flattish kind of a growth?

Management: So, we are focusing on is on the domestic sales that we have and the modern trade, the large format type of stores.

Moderator: Thank you. The next question is from the line of Sheel from Sameeksha Capital. Please go ahead.

Sheel: Just wanted to know the annual advertisement spend and your advertisement net-net increased in your comments you said like already 7.5% of revenue for the full year so can you just give me the brand wise advertisement spend for H1?

Management: Sorry sir, we are unable to understand as your voice is a bit muffled, you were asking something about advertisement expenditure which has increased this particular fiscal is that correct sir?

Sheel: No, that was already answered, what I was asking is about brand wise advertisement spend.

Management: So, majorly 60% of our advertisements spend happens for the man product, Big Boss Man another 15% is for Dollar women, 15% for thermal the seasonal product that we have and the rest is for the in-shop branding and the retail branding that we have and plus the post, plus the digital media.

Sheel: Okay, got it sir. One question, follow up question, are you going to maintain this ratio or it is going to be changed for say next fiscal year or two years down the line?

Management: So, given the target that we have for this particular fiscal, what we are aiming is 5.5%, 6% kind of spent on the advertisement this particular fiscal and going ahead we will try to maintain 5.5%, 6% based on the projected sales for the particular fiscal.

Sheel: Okay. And just one question if I can squeeze in, how the EBO has progressed so far. Particularly for our EBO**,** opened in June, if you can just give your color on that?

Management: Sorry, progress of what?

Sheel: EBO.

Management: So, the EBO we are seeing a good traction, like the modern retail vertical that we have 6% of our revenue is contributed by EBO, 54% by e-commerce sale and 40% is large format store, and in EBO we have opened eight EBOs out of which five EBOs opened in the month of September end and October so we are yet to see the result but overall the traction has been good. The consumer footfall in the store is exciting like, we are getting seven to 10 consumers every day in the store and throughput is also good. Overall, what we're seeing is that apart from the sales factor also the consumers is getting to know the brand in a much better manner. And they are able to see what all products dollar industries deal is. So, they're able to touch and feel the product, they're able to see the entire category that we have, whether its it kids, men's, women's premium segment, Force NXT or the forks that we have. So, the entire segment has been showcased to the consumer and we are seeing a good excitement as the consumer level as well.

Moderator: Thank you. The next question is from the line of Vishal Bagadia from Roha Asset Managers. Please go ahead.

Vishal Bagadia: Sir, my question is on the CAPEX front the last time we spoke on our spinning capacity in our warehouse, we were expecting that both of them would commission somewhere in October November. Now, when we see the presentation, it has been postponed to March and May 2023. So, can you just put throw some light on the same?

Management: Yes, they already make the good progress. Our warehousing project is already 90% is completed, but due to some there is a requirement from the government side there is some problem from electric connection in there, electric distribution some part of it is pending from the government front only. Our construction is already ready, but without power distribution, we are not able to commence our production, for this reason we take the maximum time that by March government is completed that power distribution, electric distribution is properly implemented. Because there is delay due to some official government delay in the distribution of electric and with regard to our expansion in spinning project at Dindigul, Tamil Nadu we are on their way, we already constructed the way I said were to be machine to restore, but there is some from the some imported machinery is there which is only to receive in the month of February itself. So, it is installed by end of March or 15th of April only, so we take one month extra for giving the launching time for spinning plant.

Vishal Bagadia: So, the entire 115 crores has been spent for the CAPEX, that is the right understanding?

Management: Yes, correct.

Vishal Bagadia: So, apart from that, what would be the CAPEX guidance for the current year?

Management: Currently, we have no any other than these two only. Other than this 24, 25 there is only FY24, FY25 there is only some minimum repair maintenance required which is around 8 to 10 crores.

Vishal Bagadia: Okay, that would be great. And sir my second question is on the EBO front. So, if you could explain what is the cost metrics or the average size when you open an EBO, so what would be the average store size, the initial investment and what is the kind of inventory that a franchisee owner needs to put and what would be the breakeven time for an EBO that we estimate and by FY25 since you are targeting that we would be opening 125 EBO stores. So, how much that could be as a percentage of our top line as a target, those are my questions.

Management: So, our EBO is completely franchisee FOFO model franchisee owned and operated. And what we do is, we have two particular models which we work upon. One is the complete outright basis wherein the franchisee purchases the entire stock and he gets a different margin over there. And the other model is the rent plus margin model so, initial investment from the company side is just on the POS system that we have and some branding activities that we do over there. Apart from that, it's all franchisees investment, the store size is typically somewhere around 700, 750 square feet and can go up to 1000 square feet as well. Because the overall category that we have to showcase and the entire product range that we have, we required such space. So, that entity is somewhere around six to eight per square feet, six to eight pieces per square feet. So, that is the kind of density we are working upon. So, the overall investment from the franchisee side including the security deposit and everything is somewhere around 20, 22 lakhs.

Vishal Bagadia: And by when do we expect them to break even, and how much what would be the time duration?

Management: So, it generally takes three to four months to stabilize the particular EBO. Apart from that what happened is, like 60% of the sales, or 70% of the sales that happens in any EBO, if contributed by the winter section only because the ASP is very high over there. So, it really depends on the region to region, like zone by zone. So, we are yet to discover as to what kind of our sales figure would come in from a particular EBO on a monthly basis. But just to estimate, by FY25 we'll be able to garner somewhere around 40, 45 crore kind of a business coming in from EBO itself from 125 EBO.

Moderator: Thank you. The next question is from the line of Chirag from Ratna Traya Capital. Please go ahead.

Chirag: Just one clarification question, the margin guidance is for the entire year or the second half. That was the first question that I had.

Management: What we say is that, prices have been very volatile this particular fiscal the first half of it, the second half we think it really seems that the prices have stabilized as of now, but we really aspire to be somewhere around 14% kind of an EBITDA level 13% to 14% is what we think is achievable in the second half.

Chirag: So, that is for the second half, not the full year that's what I wanted to clarify that's where you aspire to be from the second half of the year?

Management: So, on a full year it would be somewhere around 13%, we really want to be there.

Chirag: Understood. My second question is on the number of dealers that got added in this quarter in Lakshya project that seems to be around 15 odd dealers, I understand quarter-on-quarter obviously these kinds of things can vary. But is this what you would have aspired to be and also as time passes and all does this numbers tend to increase a lot exponentially because one of our earnout flowing in, it just becomes easier to get traction, is that the right expectation could you just throw a little bit more light on that?

Management: So, what happened is, when you think of starting a particular new state, so there's a lot of, the people are not very much convinced about the program, when we start or start rolling out in a particular phase which is very new. So, we get a lot of what do we say, so the people are not convinced when we start a particular state, and it really takes the lead time increases in the starting point, but once we have two to three success stories in that particular area, so the rollout happens in a much faster manner. So, we have earmarked Tamil Nadu and Kerala two new states to get enrolled into this particular project. We are on the verge of completion of Rajasthan and Karnataka because there was some wholesale market which was yet to be tapped and closed down and it was a huge chunk. Apart from that Mumbai and surrounding we have already completed, in Maharashtra we have also completed the Vidarbh area. Plus, in Gujarat we are seeing a good traction in Gujarat as well and we'll be able to complete by the year end, by the end of the fiscal apart from that we have started Northeast all the seven states and Odisha, Bihar, Telangana, Andhra and Tamil Nadu and Kerala will start off in a month's time or so.

Management: Other than this, I want to also point out one important thing that in our project Lakshya we have done SOP agreement with the distributor, that distributor have to follow our SOP then they get the required minimum ROE as per our target. So, if any distributor who will not follow the SOP system, then we have to remove this because we have to, if we implement the project successfully in any area then, it should be within our standards. So, sometimes in this quarter the total addition 15 only, because there is addition of 30, 34 dealer, but due to some of the dealers which have not performed well or which are not serviced to the retailer as per our SOP that the product should be reached within 48 hours to the retailer room or the payment is made within 45 days. So, some of the dealer we have to remove from the last project because they are not performing well as per our criteria. So, therefore, in this period, the total net addition is 15, but actually the addition is 34, but some of the dealer which are not performing are removed from our Lakshya project. So, we have a target of 12 to 15 dealer monthly actually.

Chirag: Just one last question. So, how many dealers would have joined in project Lakshya till date, if you can just help us understand that?

Management: Currently, we have the total number of 189 active dealer in our Lakshya project.

Chirag: But how many would have sort of being tried but left out approximately, what is the number, if you have that handy?

Management: Total number of dealers as on date, I don't have the accurate number but it is around 225 to 230, from till date.

Moderator: Thank you. The next question is from the line of Pallavi Deshpande from Sameeksha. Please go ahead.

Pallavi Deshpande: I just wanted to understand a little better on the EBO front. So, the numbers you spoke about 45 crores from 125 stores. So, that looks good, given that our competition has had a much faster rollout of EBOs, Go Fashion adding 100**,** why haven't we chosen a strategy to be more aggressive on the EBO front, is it because it might disturb the relationship with your Lakshya dealer?

Management: So, nothing of that sort, so what the thing is that Go Colors operate in a very different segments as well as the page industries Jockey. So, they have always been into this particular industry, they have always been into the retail sector, I would say not industry the retail sector, wherein they open EBOs or they are in modern retail, large format stores. And after that, they started coming to offline marketing which is the traditional channel sales. Go Colors is still not there in the traditional sales. So, they have always been there, their concept of their brand the brand DNA was more towards the retail part and we have always been like from past 49, 50 years we have been working in the traditional channel and the modern retail vertical also opened just four to five years back. So, for us this particular place, the retail space is very new as a concept also because we have never been into that kind of a thing. So, we have we started hiring professionals for that and we are working on this, but to get a conviction on any kind of a particular project, you need to have some kind of a data or you need to open some number of stores. So, that you can gauge whether this will work for us or not. Because if you are comparing it with Page or Go Colors, they are into a premium segment, the target market is very different from what we are. So, we are more into platform our kind of a brand so yes our consumer target market is very different, the demographics is very different. And that is why the overall process is a bit slow. But yes, it will increase no doubt, by the year end, by the end of this fiscal, we'll be able to open 25 to 30 EBOs and after that by FY25 we are very positive that will cross 125 EBOs.

Pallavi Deshpande: I understand you are the more mass market than versus than being premium. We are also seeing a shift, you've mentioned in the annual report the shift to the outerwear segment **–50;41** and Force NXT, if we have to achieve that shift in the like 20%, 30% growth is what you're targeting in the outer wear is that right?

Management: Yes, in the outer wear segment, whether it be woman's athleisure or men's athleisure, or the leggings that we have, the overall ASP is also very high, and we see a huge opportunity down in the market. And we see good growth coming out of those segments. Apart from that, we have a natural growth rate in our Big Boss and economy range of products, the regular brands that we have. So, overall ASP of the company has also risen from 65 to Rs.70 in past six months. So, last year FY we disclosed that somewhere on Rs.65 and currently it is at Rs.70. So, there has been a price hike in the month of April. But overall, if we see there has been a change in the overall contribution coming out from the outer wear segment like athleisure increase from 12% to 12%, women.

Pallavi Deshpande: Will the advertising focus more on outer wear now given it's higher margins and like higher ASP so, the advertising campaign?

Management: On the digital platform yes.

Pallavi Deshpande: Like you said you have done three TVC so, I understand one is for thermal, the other two would maybe for outer wear and when will they be these three TVCs we are not seeing much of anything of them?

Management: So, what is happening is, one is thermal, the second is Yami Gautam that we had for Missy we just signed her up for the woman's brand that we have. Apart from that during the IPL season, we came out with the athleisure, athleisure segment TVC but mostly it has been done on a digital platform social media platform. Our overall spend on digital media, from our budget is somewhere around 8% now. So, 8% of our total expense we're doing it on a digital platform, whether it be Google ads, or Instagram, on Facebook, YouTube, we also started taking some media from like Money Control, Daily Hunt, or online newspapers. So, all those activities that we're doing is helping us grow in our outer wear segment and also help us grow in our e-commerce sales as well.

Pallavi Deshpande: Right. So, the 60 crore ad spend that you've done like, how much would be spent towards outerwear versus innerwear, in future we will target more of outerwear spend versus innerwear. Ad spend, like earlier participant asked the breakup between them, so I'll put it a different way, ad spend for outerwear versus ad spend for innerwear, what will be the ratio can we see it go to 50:50 versus right now maybe more, it's more towards the innerwear?

Management: Currently we don't see going into 50:50 but yes, we have started rationalizing our spend on the men's innerwear vis-à-vis the other outerwear products that we have. So, in women's we are already spending 15% of our budget and apart from that, we have started spending on Force NXT advertisement as well. Which will be mostly outerwear than innerwear, apart from that during the IPL we are focusing mainly on athleisure segment also because it resonates with the, the name resonates with the sports person who are actually playing in the IPL and they varying our athleisure wear and advertising for it, it really goes well.

Pallavi Deshpande: And sir next year that budget I know it's a little early, but our 6% would seem a little lower if you want to grow the outer wear side of it, just any thoughts on that given that some players are spending up to 8% to 9%. And given that cotton prices come off, can we see money being spent on ad spend?

Management: So, in ad spend, what we are seeing is a 5.5% to 6% kind of a spend that we are looking forward to on our projected sales. So, yes for next financial year like FY24 it should be somewhere around 100 odd crores.

Moderator: Thank you. Ladies and gentlemen this was the last question for today. I would now like to hand the conference over to the management for closing comments.

Management: I take this opportunity to thank everyone for joining this call. I hope we have been able to address all your queries. For any further information or any kind of query kindly get in touch with us. Thank you once again for joining in. Have a good evening.

Management: Thank you.

Moderator: Thank you. On behalf of SMIFS Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.